

Message Text

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PAGE 01 OECD P 21858 01 OF 03 271834Z

41

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TAGS: OECD, CIEC, EFIN, EAID

SUBJECT: OECD BACKSTOPPING OF CIEC DISCUSSIONS ON DEBT:
OECD COUNCIL MEETING JULY 27

REF: (A) OECD PARIS 21502, (B) CES(76)79

1. SUMMARY: AT JULY 27 OECD COUNCIL MEETING SECRETARY-GENERAL'S DRAFT ENTRY (REFDOC B) WAS DISCUSSED IN ATTEMPT TO CONFIRM OECD BACKSTOPPING OF CIEC DISCUSSIONS ON DEBT. COUNCIL WAS UNABLE TO AGREE ON DRAFT ENTRY, DUE PRIMARILY TO STRONG OBJECTIONS OF NETHERLANDS DEL. SECGEN DECIDED TO CIRCULATE ALTERNATIVE DRAFT ENTRIES (PARA 4 BELOW) FOR FURTHER CONSIDERATION. END SUMMARY

2. NETHERLANDS DEL CONTENDED THAT DEVELOPMENT ASPECTS OF DEBT WOULD NOT BE "SUFFICIENTLY BROUGHT FORWARD" IF OECD BACKSTOPPING WERE CONCENTRATED IN THE TEMPORARY WORKING PARTY OF THE ECONOMIC POLICY COMMITTEE (TWP) ALONE. THIS WOULD BE THE CASE EVEN IF DEVELOPMENT EXPERTS WERE INVITED TO ATTEND. NETHERLANDS DEL ALSO

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PAGE 02 OECD P 21858 01 OF 03 271834Z

EXPRESSED VIEW THAT (A) CONCENTRATION OF OECD BACKSTOP-

PING IN TWP WOULD UNDERCUT G-8 STANCE IN CIEC WHICH HAD CALLED FOR SEPARATING DEBT ISSUES APPROPRIATE TO FINANCE COMMISSION (FC) FROM THOSE APPROPRIATE TO DEVELOPMENT COMMISSION (DC) AND (B) G-19 WOULD CONSIDER SUCH ARRANGEMENT IN OECD AS CONFIRMING THEIR SUSPICION THAT THE G-8 IS NOT WILLING TO CONSIDER DEBT IN A DEVELOPMENT, AS WELL AS FINANCIAL, CONTEXT. INSTEAD OF DRAFT ENTRY SUGGESTED BY SECGEN, NETHERLANDS DEL PROPOSED EITHER (A) THE FORMATION OF A JOINT WORKING PARTY MADE UP OF MEMBERS OF THE TWP AND THE DAC WORKING PARTY ON FINANCIAL ASPECTS OF DEBT (WP/FA) OR (B) AN AD HOC JOINT MEETING OF BOTH THE TWP AND THE WP/FA. EITHER OF THESE PROPOSED MEETINGS WOULD TAKE PLACE IN SEPTEMBER AT THE TIME WHEN THE CURRENT TWP MEETING IS SCHEDULED; THE POSSIBILITY OF FURTHER JOINT MEETINGS WOULD BE LEFT OPEN. DURING DISCUSSION, QUESTIONS DID ARISE AS TO HOW TO HANDLE PROCEDURALLY A JOINT MEETING (CHAIRMANSHIP, ETC.). SECGEN SAID HE HAD NOT FOCUSED ON THIS, BUT WOULD DO SO IF NEED AROSE.

3. SEVERAL DELEGATIONS (UK, GERMANY, FRANCE, CANADA, SWEDEN, AUSTRALIA, JAPAN), WHILE EXPRESSING VARYING DEGREES OF PREFERENCE FOR THE SECGEN'S DRAFT ENTRY (REFDOC B), INDICATED A WILLINGNESS TO GO BACK TO CAPITALS WITH THE NETHERLANDS SUGGESTION. AUSTRIA AND IRELAND SUGGESTED AD HOC HIGH LEVEL NORTH-SOUTH GROUP SHOULD ALSO BE ASSOCIATED WITH EXERCISE. US DEL INDICATED OUR FIRM SUPPORT FOR SECGEN'S ORIGINAL PROPOSAL, AT THE SAME TIME REITERATING THE VIEWS EXPRESSED IN REFTEL A, PARA 4, THAT IT WAS THE US UNDERSTANDING THAT THE MANDATES OF OTHER GROUPS WITHIN THE OECD WHOSE COMPETENCE INCLUDES DEBT WOULD NOT BE ALTERED. VAN LENNEP THOUGHT ORIGINAL DRAFT ENTRY MIGHT USEFULLY BE MODIFIED TO EXTEND EXPLICIT INVITATION TO COUNTRIES TO INCLUDE WP/FA EXPERTS IN THEIR DELEGATIONS TO THE TWP MEETING. UK AND DANISH DELS PROPOSED THAT POSSIBLE COMPROMISE MIGHT CONSIST OF FORMULA CALLING FOR TWP MEETING ATTENDED BY WP/FA EXPERTS.

4. OECD COUNCIL, UNABLE TO AGREE ON SECGEN'S SUGGESTED LIMITED OFFICIAL USE

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PAGE 03 OECD P 21858 01 OF 03 271834Z

DRAFT ENTRY, ACCEPTED HIS SUGGESTION TO CIRCULATE SEVERAL ALTERNATIVE DRAFT ENTRIES TO FACILITATE BILATERAL DISCUSSIONS IN PREPARATION FOR COUNCIL MEETING JULY 28 OR 29. ALTERNATIVES REFLECT ORIGINAL SECGEN'S DRAFT ENTRY (MODIFIED BY SECGEN AS SUGGESTED IN PARA 3 ABOVE), DUTCH PROPOSAL, UK/DANISH COMPROMISE (ALSO REFLECTING VIEWS SUGGESTED IN PARA 3 ABOVE), AND NEW PROPOSAL BY SECGEN WHICH SUGGESTS AD HOC MEETING OF

FINANCIAL AND DEVELOPMENT EXPERTS UNDER AUSPICES OF THE
COUNCIL, WITH VAN YPERSELE IN THE CHAIR, AND ITS CON-
CLUSIONS CONVEYED TO TWP, WP/FA AND NORTH/SOUTH GROUP.
TEXTS FOLLOW:

ALTERNATIVE A
"THE COUNCIL

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PAGE 01 OECD P 21858 02 OF 03 271841Z

41
ACTION EUR-12

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O 271820Z JUL 76
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LIMITED OFFICIAL USE SECTION 02 OF 03 OECD PARIS 21858

(A) AGREED THAT IT WOULD BE APPROPRIATE, FOR THE
TIME BEING, TO CONCENTRATE IN THE TEMPORARY
WORKING PARTY OF THE ECONOMIC POLICY COMMITTEE
THE PREPARATION FOR THE DISCUSSIONS IN THE
CIEC ON QUESTIONS IN RELATION TO THE DEBT OF
DEVELOPING COUNTRIES, IT BEING UNDERSTOOD THAT

(I) MEMBER COUNTRIES ARE INVITED TO INCLUDE IN
THEIR REPRESENTATION AT MEETINGS OF THE
TEMPORARY WORKING PARTY IN WHICH THESE

QUESTIONS ARE EXAMINED, EXPERTS ON DEVELOPMENT MATTERS, NOTABLY THOSE PARTICIPATING IN THE WORKING PARTY OF THE DEVELOPMENT ASSISTANCE COMMITTEE ON FINANCIAL ASPECTS OF DEVELOPMENT ASSISTANCE;

(II) THESE PRACTICAL ARRANGEMENTS IMPLIED NO CHANGE IN THE EXISTING MANDATES OF BODIES OF THE ORGANIZATION WITH REGARD TO QUESTIONED OFFICIAL USE

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PAGE 02 OECD P 21858 02 OF 03 271841Z

CTIONS IN RELATION TO THE DEBT OF DEVELOPING COUNTRIES;

(B) AGREED TO RETURN TO THIS MATTER IN SEPTEMBER, AS APPROPRIATE."

ALTERNATIVE B

"THE COUNCIL

AGREED THAT, FOR THE PURPOSE OF PREPARING THE DISCUSSIONS IN THE CIEC ON QUESTIONS IN RELATION TO THE DEBT OF DEVELOPING COUNTRIES, IT WOULD BE APPROPRIATE FOR THE TEMPORARY WORKING PARTY OF THE ECONOMIC POLICY COMMITTEE AND THE WORKING PARTY OF THE DEVELOPMENT ASSISTANCE COMMITTEE ON FINANCIAL ASPECTS OF DEVELOPMENT ASSISTANCE TO HOLD A JOINT MEETING ON 7TH-8TH SEPTEMBER, 1976."

ALTERNATIVE C

"THE COUNCIL

AGREED THAT, FOR THE PURPOSES OF PREPARING THE DISCUSSIONS IN THE CIEC ON QUESTIONS IN RELATION TO THE DEBT OF DEVELOPING COUNTRIES, IT WOULD BE APPROPRIATE FOR THE TEMPORARY WORKING PARTY OF THE ECONOMIC POLICY COMMITTEE TO EXAMINE THESE QUESTIONS AT A MEETING ON 7TH-8TH SEPTEMBER, 1976, IN WHICH THE MEMBERS OF THE WORKING PARTY OF THE DEVELOPMENT ASSISTANCE COMMITTEE ON FINANCIAL ASPECTS OF DEVELOPMENT ASSISTANCE ARE INVITED TO TAKE PART."

ALTERNATIVE D

"THE COUNCIL

(A) AGREED THAT, FOR THE PURPOSE OF PREPARING THE DISCUSSIONS IN THE CIEC ON QUESTIONS IN RELATION TO THE DEBT OF DEVELOPING COUNTRIES, AN AD HOC MEETING OF FINANCIAL AND DEVELOPMENT EXPERTS UNDER THE AUSPICES OF THE COUNCIL SHOULD TAKE PLACE ON 7TH-8TH SEPTEMBER, 1976. THE COUNCIL INVITED MR. VAN YPERSELE TO CHAIR

THIS AD HO HOC MEETING. THE CONCLUSIONS OF
THE MEETING SHOULD BE CONVEYED TO THE TEMPOR-
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PAGE 03 OECD P 21858 02 OF 03 271841Z

ARY WORKING PARTY OF THE ECONOMIC POLICY
COMMITTEE, THE DEVELOPMENT ASSISTANCE
COMMITTEE AND ITS WORKING PARTY ON FINANCIAL
ASPECTS OF DEVELOPMENT ASSISTANCE, AND THE
AD HOC HIGH LEVEL GROUP ON RELATIONS WITH
DEVELOPING COUNTRIES;

(B) AGREED THAT THESE PRACTICAL ARRANGEMENTS
IMPLIED NO CHANGE IN THE EXISTING MANDATES OF
BODIES OF THE ORGANIZATION WITH REGARD TO
QUESTIONS IN RELATION TO THE DEBT OF DEVELOP-
ING COUNTRIES;

(C) AGREED TO RETURN TO THIS MATTER IN SEPTEMBER,
AS APPROPRIATE."

END TEXTS

5. COMMENT: IT IS CLEAR THAT A PROCEDURAL/JURISDIC-
TIONAL ISSUE HAS ARISEN FOR WHICH THERE MUST BE SOME
COMPROMISE. THE DUTCH HAVE ALREADY INFORMED THE
SECRETARIAT THAT ALTERNATIVE C IS UNACCEPTABLE, AND
THAT THEY PREFER ALTERNATIVE B. DUTCH AMBASSADOR HAS
ASKED FOR INSTRUCTIONS ON ALTERNATIVE D, BUT ON PURELY
PERSONAL BASIS INDICATES IT MIGHT BE ACCEPTABLE.

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PAGE 01 OECD P 21858 03 OF 03 271846Z

41
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O 271820Z JUL 76

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LIMITED OFFICIAL USE SECTION 03 OF 03 OECD PARIS 21858

WHILE ALTERNATIVE A WOULD SEEM ACCEPTABLE TO MAJORITY OF DELEGATIONS, MANY APPEAR NOT TO BE READY TO OPPOSE DUTCH OVER THESE PROCEDURAL QUESTIONS, WHICH OBVIOUSLY REFLECT DUTCH DEVELOPMENT MINISTRY'S CONCERN THAT ITS ROLE IN DEBT QUESTION WOULD BE CONSTRAINED IN TWP. FOR MOST LARGER COUNTRIES ISSUE APPEARS TO BE OF LITTLE PRACTICAL IMPORTANCE AS THEY INDICATE THAT SAME INDIVIDUALS WOULD BE INVOLVED IN ANY ALTERNATIVE. IN VIEW OF LACK OF SUPPORT FOR ALTERNATIVE A, IT APPEARS TO US THAT THERE IS LITTLE CHANCE ON GETTING AGREEMENT BEFORE AUGUST VACATION TO MOVE AHEAD TO CONSIDER DEBT ISSUES IN OECD UNLESS WE ARE WILLING TO GO ALONG WITH EITHER ALTERNATIVE B OR D. (THIS IS BECAUSE DUTCH WOULD HAVE VETO ON SPECIFIC ENLARGEMENT OF TWP MANDATE TO CONSIDER DEBT ISSUES BEING HANDLED IN DC.) AS BETWEEN THE TWO ALTERNATIVES WE COULD SEE ADVANTAGES TO ALTERNATIVE D, ESPECIALLY IN VAN YPERSELE'S CHAIRMANSHIP, BUT EVEN UNDER ALTERNATIVE B WE COULD MAKE OUR ACCEPTANCE CONDITIONAL ON VAN YPERSELE'S CHAIRMANSHIP. WE ASSUME THAT

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PAGE 02 OECD P 21858 03 OF 03 271846Z

IN CASE OF US AS IN CASE OF OTHER LARGE COUNTRIES MENTIONED ABOVE COMPOSITION OF DELEGATION WOULD BE THE SAME UNDER ANY OF THE ALTERNATIVES.

6. ACTION REQUESTED: WASHINGTON INSTRUCTIONS NEEDED LATEST BY OPENING OF BUSINESS JULY 29 (PARIS TIME).
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